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Set	Items	Description
S1	11191	(SOLICIT??? ? (10N) (DONATION? ? OR CONTRIBUTION? ?))
S2	1069	(DONORS OR GIVERS OR INDIVIDUALS) (S) S1
S3	0	S2 (S) (PAST OR PREVIOUS) (5N) (CAMPAIGN OR EVENT)
S4	397	S2 AND PY<2000
S5	333	RD S4 (unique items)
S6	139	S5 AND (PAST OR PREVIOUS??? ? OR (LAST (1N) YEAR))
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09840580 SUPPLIER NUMBER: 19769184 (THIS IS THE FULL TEXT)
Neural network modeling: artificial intelligence marketing hits the
non-profit world.
Goodman, Steve; Plouff, Gary
Fund Raising Management, v28, n4, p16(2)
June, 1997

TEXT:

Given finite fund raising budgets, non-profits explain that they often must choose between locating new donors or encouraging current donors to become more generous. In order to run either an efficient acquisition or re-solicitation campaign, non-profits use neural networks to identify targeted prospect groups and determine the messages to which each group will most likely respond.

Big Brother knows more than you think.

Read on to learn about a type of artificial intelligence computer model that non-profit groups use to solicit larger donations from current donors and find new donors that behave similarly to current supporters.

Let's start from the beginning. Neural network modeling is a method by which marketing directors, fund raisers, university alumni associations, and planners predict the behavior of donors, potential donors, and supporters. The goal of this modeling is to determine when it is profitable to contact particular individuals.

Organizations claim that neural network models help them make the best use of their resources. Security analysts on Wall Street have used neural network technology for years to predict stock prices, while major cataloguers have used neural networks to locate the best potential customers for goods advertised in their different catalogues.

Given finite fund raising budgets, non-profits explain that they often must choose between locating new donors or encouraging current donors to become more generous. In order to run either an efficient acquisition or re-solicitation campaign, non-profits use neural networks to identify targeted prospect groups and determine the messages to which each group will most likely respond. Appropriate resources are then expended to acquire new donors or to re-solicit particular individuals.

Neural networks enable non-profits to determine the probability of individual behavior within the context of a large group. The neural network model predicts the likelihood of an individual's response to a particular marketing campaign or a series of appeals. By using the model, non-profit fund raisers determine the likelihood that a potential donor will respond to a specific appeal and in addition, examine the probable size of the donor's gift relative to other potential donors.

Although artificial intelligence neural network algorithms are extremely complex, the use of neural networks in fund raising is a relatively simple concept. For example, using a set of data (such as age, income, length of residence, and zip code of a donor), a well-designed neural network can generate a set of rules "predicting" the responsiveness of individual donors to an upcoming donor acquisition campaign.

Non-profits primarily use neural networks in two ways. First, savvy development directors use neural network models to help acquire new donors. This is accomplished by analyzing the demographic similarities of current donors and then building models to predict the response of potential new donors to a particular fund raising campaign.

Second, neural network models help organizations profitably re-solicit current donors. In order to raise more money from these supporters, neural networks first examine donor behavior. A complex algorithm is then generated. Next, this algorithm is used to rank all the current donors by the lifetime value of each donor relative to the pool and then segment

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these donors into manageable groups. This segmentation enables organizations to specifically target small groups of donors with different messages.

Typically, there is an 80-20 rule that applies to non-profits. Organizations assume that the 20% of its donors who contribute 80% of their net revenue are the donors who contributed the largest gifts during the ***previous*** year. With neural network models, organizations can now locate the 20% prior to the start of their annual campaigns and use this identification to generate even more than 80% of their revenue. Neural networks locate the most highly valued donors, regardless of most recent gift history.

With this knowledge, an organization can direct resources to those donors who hold a high future value. The goal is to retain a group's very best donors over time, because a small increase in donor retention can lead to a substantial increase in net revenue. Donors who have not responded to offerings or requests over a substantial period of time, commonly known as lapsed donors, can still be identified by their future value to the organization. Current donors can also be identified in this fashion.

An important side benefit of using long-term donor value models is cost savings. The time and money expended on traditional analyses of historical data is substantially reduced because the long-term donor categories created by neural network models are more stable over time than other methods of segmentation. Fund raisers can then use these donor categories for future campaigns.

The uses of neural networks are tremendously varied. Advocacy groups can initiate marketing campaigns specifically targeted to individuals identified as being potential larger contributors. Because a neural network model helps to identify and rank the long-term value of individuals to an entity, non-profits can decide who should receive particular marketing pieces. Many magazines currently use neural networks to examine the demographic and psychographic profiles of their subscribers and then generate a mailing to similar individuals. Political candidates use neural networks to analyze the probability of individual and group support for specific legislative initiatives.

What makes artificial intelligence neural network technology so appealing to marketers is that it actually learns from itself. With this feature, neural network models can outperform standard regression models in their ability to predict individual behavior. If an organization's marketing objective is to develop an efficient marketing program that focuses on individual donors, then the improved segmentation available through artificial intelligence neural networks is a useful tool.

What can neural network models predict?

- * A donor's long-term value to the organization.
- * Prospects who are likely to respond to the next donor acquisition campaign.
- * Donors who are likely to respond to a special appeal campaign.
- * Donors who are likely to donate more than they have ***previously***.
- * Donors who are likely to lapse and are highly valued long-term donors.
- * And many other predictions of donor behavior.

So, how does a non-profit fund raiser know if neural network modeling is appropriate for his or her organization? Although every fund-raising campaign is unique in terms of its objectives, economic expectations, and the nature of the organization, there are some general guidelines that can be used to evaluate the practicality of using neural network modeling.

In order to acquire new donors more profitably, non-profits generally use neural network models when:

- * The organization mails over 200,000 pieces per year as part of its

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ongoing acquisition campaign.

- * The ideal prospect profile is unclear.
- * There is no cost effective way to identify valuable prospects.
- * Results from the model can be re-used on other acquisition

campaigns in the near future.

In order to re-solicit donors more profitably, fund raisers generally use neural network models when:

- * The organization has at least 25,000 donors or averages 5,000 new donors per year.

- * The development director spends a great deal of time analyzing historical gift information to select the most profitable groups for mailings.

- * Historical gift information is used to select donors for each fund-raising campaign, but there is room for improvement in donor selection technique.

- * A large amount of data has already been collected on individual donors.

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01952315 Supplier Number: 25423318 (THIS IS THE FULLTEXT)
Salvation Army Blends Ministry with Telemarketing
(Telemarketing agents at some Salvation Army call centers are trained to
offer to pray with those who have been solicited for donations)
TeleServices News, p 1+
September 06, 1999
DOCUMENT TYPE: Journal (United States)
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 860

ABSTRACT:

Telemarketing agents at some Salvation Army call centers are trained to
offer to pray with those who have been ***solicited*** for ***donations*** .
Some of the organization's local divisions use telemarketing to reactivate
previous direct-mail ***donors*** . The Western Pennsylvania Division,
which mails some 10 direct-mailers/yr, has been outsourcing its
telemarketing to Infocision (Akron, OH) for the ***past*** 2 years. Further
details of the religious fundraising are discussed.

TEXT:

By Mark Hamstra
Some telemarketing agents for the Salvation Army are wearing two hats,
switching from solicitors to ministers during a single phone conversation.

About a dozen of the charity's local divisions employ the services of a
call center that specializes in religious fund raising, where the agents
are trained to offer to pray with those who have been contacted for
monetary contributions.

Perhaps best known for its bell ringers who appear each December at
shopping malls and street corners, the Salvation Army describes itself as
an evangelical arm of the United Christian Church, whose mission is to
provide both religious fellowship and humanitarian aid.

Although the organization frowns on telemarketing to **solicit
donations** and prohibits its use as a vehicle to prospect for new
donors, some of its local divisions around the country employ the
tactic to reactivate **past** direct-mail **donors**, and sometimes
they incorporate a few unusual twists befitting the organization's status
as a church.

The Western Pennsylvania Division, which launched its annual fund-raising
telemarketing effort last month, for example, not only employed agents
trained to offer prayer, but also took the extra step of issuing a press
release first to let the public know they'd be calling. Robert Molinari,
development director for the Western Pennsylvania Division of the Salvation
Army, based in Pittsburgh, said his organization takes a very "soft-sell"
approach to its reactivation telemarketing efforts.

photo omitted

"We get a minimal amount of complaints from our donors, as long as they
know that it is happening and we are careful," he said. "If a person does
not want to be called again, we are very careful not to call that person
any more."

For the **past** two years, the division has been outsourcing its
telemarketing to call center operator InfoCision, Akron, OH, which has a

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division specializing in religious fundraisers. The approximately 12 local Salvation Army units that the division serves are located around the country. The company derives about a fourth of its revenues from the religious division.

One of the requirements to work in the religious fundraising division at InfoCision is that the phone agents must be willing to pray with the prospects if requested to do so, or if the agents sense it would be appropriate.

"Our agents are trained to listen to what donors have to say, and to respond to what donors have to say," said Nick Stavarz, senior vice president of marketing at InfoCision. "A lot of times, particularly with lapsed donors, the reason they have stopped being donors is that they have had some kind of hardship. So, if our communicators determine that is the case, then we go ahead and turn it into a ministry call."

Both Stavarz and Molinari said that the agents do not use the prayer as part of the solicitation, however.

"If we're offering prayer, we've stopped asking for a donation," Stavarz said. "It's not like we're saying, 'OK, we'll pray with you,' and then come back and say, 'Can you help us out with 20 bucks?' It's not like that at all."

He estimated that about 10 percent to 15 percent of the people who are offered the chance to pray with an agent accept the offer. Agents are hired based on their willingness to pray with prospects and are trained to listen for cues that might signal when a prayer would be appropriate.

In addition, when InfoCision's callers identify someone who may be in need of charitable assistance, those names are forwarded to the Salvation Army.

"Part of our service to our clients is to help them fulfill their mission to their donors," Stavarz said.

He said the company does not track whether people are more likely to donate money in the future if they have prayed with an agent during a **past** solicitation.

InfoCision, which was founded in 1982 to serve religious nonprofits, also is proactive in maintaining the Salvation Army's do-not-call list. If a prospect declines to make a contribution, agents are trained to ask their permission to call back in the future.

The telemarketing campaign is purely for reactivation of *****past***** donors. The division mails about 10 direct-mail pieces each year, and those **past** donors who have not responded in the **past** 12 to 36 months are contacted by phone during the telemarketing effort. This year, he said the file has about 30,000 names, up from the 14,000 names on **last** *****year***** 's list.

To let people know the Salvation Army will be conducting the campaign, the division issued a press release to the local media before the three-week effort kicked off.

"The first time we did it, **last year**, we put out a press release saying that the bells would be ringing, but it's not Christmas," said Molinari. "We got a lot of coverage on that, and this year we did a

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similar thing."

Stavarz said the Salvation Army was the only charity he knew of that telegraphed its intention to conduct a telemarketing campaign by issuing a press release.

"I think if more people were educated about telephone soliciting, they might be more receptive," he said. "People are kind of used to the aluminum siding salesman that calls you up at dinner time and won't let you go even after you tell him that you live in a brick house."

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COMPANY NAMES: SALVATION ARMY
INDUSTRY NAMES: Business services
PRODUCT NAMES: Telemarketing services (738928); Individual and family social services (832000)
CONCEPT TERMS: All market information; Marketing campaign
MARKETING TERMS: All media; Direct mail; Telemarketing
GEOGRAPHIC NAMES: North America (NOAX); United States (USA)

(USE FORMAT 7 OR 9 FOR FULLTEXT)

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